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Marketing in Singapore

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CONTENTS

	Page
Foreign Trade Outlook ..... Overview--Promising Export Areas	3
Industry Trends ..... GDP Growth--Manufacturing--Transportation and Communications--Services and Trade--Government Role in the Economy	6
Transportation, Communications, and Utilities ..... Air, Ocean, Highway Transport--Communications--Utilities	8
Distribution and Sales Channels..... Import Channels--Ports and Warehousing--Distribution Practices--Wholesale and Retail Channels--Government Procurement	10
Advertising and Research ..... Advertising Media--Market Research and Trade Organizations	13
Credit and Banking	15
Trade Regulations ..... Trade Policy--Tariff Structure--Basis of Duty Assessment--Standards--Environmental Protection--Entry and Reexport--Transit, Transshipment, and Reexport--Samples and Advertising--Classification--Fines and Penalties--Internal Taxes--Shipping Documents--Labeling--Exchange Controls--Export Controls	18
Investment in Singapore ..... Foreign and U.S. investment--Government Policy--Investment Incentives--Business Organization	23
Taxation ..... Income tax--Individual Income Tax Liability--Corporate Tax--Payroll Tax--Property Tax--Stamp and Documentary Tax	32
Employment ..... Labor Force--Wages, Related Benefits--Income Distribution--Unions	34
Intellectual Property Protection ..... Patents--Trademarks--Copyright	36
Guidance for Business Travelers ..... Entrance Requirements--Foreign Exchange--Languages--Workweek--Holidays--Power--Living Conditions	37
Sources of Economic and Commercial Information ..... Singapore Government Representation--U.S. Government Representation in Singapore--U.S. Government Publications--Other Publications	39
Market Profile - Singapore ..... Foreign Trade--Foreign Investment--Finance--Economy--Basic Economic Facilities--Natural Resources--Population	44

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FOREIGN TRADE OUTLOOK

Overview

Singapore maintains a free and open market policy. As a regional trading, sales, service, and warehousing center, it continues to import more than twice as much from the United States as the other countries of the Association of Southeast Asian Nations (ASEAN). The United States is Singapore's major trading partner and a major foreign investor. U.S. exports to Singapore totaled $5.7 billion in 1988, an increase of 42 percent over 1987. U.S. imports from Singapore in 1988 were $8.2 billion, up from $6.4 billion in 1987.

Principal U.S. exports to Singapore are aircraft and avionics, computers, computer peripherals and parts, electronic components, electrical machinery, and chemicals and chemical products. Principal U.S. imports from Singapore are office and data machines, telecommunications apparatus, garments, integrated circuits, and consumer electronic products.

Singapore's other major trading partners include Japan, Malaysia, Hong Kong, Taiwan and Thailand. (Singapore's trade with Indonesia is believed to be substantial but, by mutual agreement, their bilateral trade statistics are not published.) Its total trade with China has been increasing at an average of 19 percent a year over the last 6 years. The trade balance, however has consistently been in China's favor.

Singapore is a financial center for much of Asia. Its financial industry developed to support trading but has since expanded to include the full range of banking services. This fact, together with the country's central geographic location, high credit standing, and excellent communications facilities, makes Singapore attractive for U.S. exporters. In addition, Singapore is an ideal base for penetrating the Asian market due to the virtual absence of governmental and commercial corruption, its business orientation, and increasing preferences for U.S. products and services.

Singapore's balance-of-payments position is strong due to foreign investment and income from services, which more than compensate for the country's overall trade deficit.

Promising Export Areas

Although Singapore is a relatively small economy, it is the United States' 11th largest trading partner and 13th largest export market. There are virtually no trade barriers, and capital goods are imported duty free with only a few exceptions. Singapore is a

favorite choice among foreign companies looking for a regional marketing, warehousing and distribution base. Its marketing region consists of Indonesia, Malaysia and Brunei, and to a lesser extent Thailand, India, Pakistan, Sri Lanka, Bangladesh and the Philippines. Singapore's excellent transportation and communications allow firms to expand their marketing region even further.

The following is a listing of industry sectors with good sales potential and market size.

Medical and Health Care Equipment - There are currently 22 hospitals with over 10,000 beds. Hospitals are equipped to provide the full range of in-patient medical services including neurosurgery, ophthalmology, anesthesia, pathology, radiology, obstetrics, and gynecology.

Singapore's medical expertise and facilities are arguably the best in the Southeast Asian region. Singapore is often the first country in the region to acquire new medical equipment and technology and is looked upon as a leader by other regional buyers. Medical equipment and instruments imported into Singapore in 1987 totaled $61 million, an increase of 24 percent over the previous year's imports. The U.S. share of the import market was 39 percent. The United States should continue to dominate the medical and health care equipment market, as U.S. equipment is preferred for its sophisticated technological features. Other major suppliers were Japan (25 percent), West Germany (7 percent), and the United Kingdom (5 percent).

Computers and Peripherals - The Singapore Government and the private sector continue to expand and upgrade their electronic data processing capabilities. The number of small and medium-sized enterprises using computers has been increasing dramatically. The market is expected to grow at the rate of 15 percent per year during 1988-90.

Singapore's computer and peripheral imports totaled $468 million in 1987, an increase of about 42 percent over 1986 imports. More than 40 percent of the imported computer hardware came from the United States. Other major suppliers were Japan (27 percent) and the United Kingdom (3 percent).

CAD/CAM Software and Services - The computer-aided design and computer-aided manufacturing (CAD/CAM) market in Singapore is very young. Nevertheless, the Singapore market for CAD/CAM software and services was worth more than $17 million in 1987 and is expected to grow at about 5 percent annually to reach $19.5 million in 1989. Growth should reach $21 million in 1990 when more engineers trained in the use of CAD/CAM take up positions in trade and industry.

Currently, CAD/CAM software from the United States dominates the local market with a 90 percent share. The United States is expected to continue to lead the market here as U.S. software packages are more relevant to Singapore's requirements than those from other countries.

Applications Software - Domestic sales of computer software used in the minicomputer and the microcomputer market in 1987 were estimated at $103 million and projected to expand by more than 40 percent to reach $149 million in 1990. Incremental sales in computer software have been attributed to the government's ongoing program to computerize and automate office operations in ministries and statutory boards. Also, a growing number of Singapore business firms have taken steps towards office automation to increase productivity in face of the tight labor situation.

The United States leads in software sales in Singapore due to its world position and its domination of the hardware market. There is a growing demand for computer software for operating systems, database management systems, general business applications, and communications. Applications software for spreadsheets, communications, education and graphics also have good sales potential in the this market.

Industrial Process Controls and Instrumentation (IPCI) - Although the domestic market (characterized by a relatively small manufacturing sector dominated by multinational corporations) is presently modest in size, it has growth potential. Demand for IPCI is expected to grow at an average of 10 percent a year due to extensive factory automation and the further establishment of high-technology industries.

There is no domestic production of IPCI equipment in Singapore except for some subassembly of low technology products (e.g., kits). In 1987 Singapore imported $476.5 million worth of IPCI compared to $395.4 million in 1986. At 42.7 percent of total imports, the United States was the top supplier and should maintain its lead position in line with a growing preference for innovative and high-quality American products.

Electronic Components - Electronics symbolizes Singapore's quest for a high-technology export economy. The electronics industry has been targeted as one of the priority sectors for intensive promotion and development by the Singapore Government. The industry has enjoyed tremendous growth since it began two decades ago and is expected to maintain its growth momentum as a result of new investments. Production of electronic components reached $4.5 billion in 1987, an increase of 38 percent over the previous year.

Singapore is not only a major manufacturer of electronic components in Southeast Asia but is also a base for regional sales. Imports of electronic components rose from $2 billion in 1986 to $2.8 billion in 1987. High-end electronic components from the United States have better sales potential in this market. These include multilayer PCBs, connectors, resistors, and other components for use in computer manufacturing.

Services - The business outlook for the services sector is good. The government has targeted services as an industry for promotion by its Economic Development Board (EDB). EDB is offering fiscal and tax incentives for services such as advertising, public relations and exhibition services; agrotechnology; transportation and distribution; computer services; education and training; laboratory and testing; legal and accounting services; leisure, entertainment and cultural services; management consultancy; medical services; regional headquarters services; technical and engineering consultancy; and telecommunications and information services.

Biotechnology - Biotechnology is a growth industry. The establishment of an Institute of Molecular and Cell Biology at the National University indicates the Singapore Government's long-term commitment to the industry. Current activities cover work in tropical plants and crops, food and beverages, and certain areas of medical care. Opportunities exist for joint ventures, licensing of technology, and tropical products development.

INDUSTRY TRENDS

GDP Growth

Singapore has recovered from the 1985 recession and its economy is again growing. GDP grew 1.8 percent in 1986, and a phenomenal 8.8 percent in 1987. Such momentum has been more than sustained, as the economy grew 11.1 percent in the first half of 1988.

Improved regional economies and strong commodity prices have helped boost the Singapore economy. Other factors include continued U.S. demand for electronic products, expanding exports to Europe, and the cheaper Singapore dollar.

Manufacturing

The manufacturing sector, accounting for 27 percent of GDP, grew by 17 percent in 1987 (doubling its growth in 1986). Growth in manufacturing was aided by strong export demand in the United States and the markets of other countries of the Organization for Economic Cooperation and Development (OECD). Cost-cutting measures implemented by the government in 1986 included wage restraints, tax

cuts, investment incentives, and a managed slide of the Singapore dollar against most hard currencies. These measures helped Singapore regain its competitiveness and turn the economy around.

The electronics industry continued to lead in manufacturing sector growth in 1987, growing 31.6 percent due to strong demand in the United States for computers, computer peripherals, electronic components and consumer electronic products. The electronics industry in turn boosted supporting industries such as fabricated metal (up 14.3 percent) and electrical machinery (up 32.1 percent).

Transportation and Communications

This sector expanded 8.7 percent in 1987, accounting for 14.3 percent of GDP. Air cargo volume grew 19 percent due to rising shipments of electronic products. The volume of seaborne cargo also rose by 4.8 percent, following improvement in entrepot trade.

Services and Trade

Total external trade (imports plus exports) grew by 30 percent in 1988. Singapore registered a trade deficit of $1.9 billion in 1987 and a trade deficit of $2.2 billion through the first 6 months of 1988.

Tourist arrivals reached 3.7 million in 1987, compared to 3.2 million in 1986. As a result, hotel occupancy rates rose from the 64 percent recorded in 1986, to 68 percent in 1987, and to 75 percent in the first half of 1988. This boom in the tourist trade has led the Singapore Tourist Promotion Board to propose the building of additional hotel rooms to cater to the projected 10 percent annual increase in tourist arrivals into the nineties.

The financial and business services sector grew 10.1 percent in 1987 due to expansion in offshore banking and increased domestic bank loan demand. The Asian Dollar Market expanded by another 22 percent in 1987 to $245 billion while total bank loans to nonbank clients increased almost 6 percent to $18 billion. The securities market has since been revitalized and shares have regained some of their October 1987 losses. Financial and business services registered 7.7 percent growth in the first half of 1988.

All the major economic sectors are active and registering healthy growth rates except construction. The latter continued its structural contraction because of a decline in public infrastructure development.

Government Role in the Economy

The Singapore Government's principal economic policies are conditioned by the country's overwhelming dependence on the external

sector and its need to remain competitive in international trade. Its main strategy is an aggressive effort to attract foreign corporations to set up manufacturing or service activities in Singapore to serve international markets. There are no significant restrictions on the import and export of goods, nor on international capital flows. The government attempts to influence the pattern of investment and industrial activity through its use of incentives, but does not engage in detailed centralized planning. High savings rates are maintained to avoid heavy public expenditures on social welfare programs and to finance government spending on infrastructure projects without resorting to foreign borrowing.

The government emphasizes training and education programs to upgrade the productivity and skill levels of the work force. Peaceful labor relations result from close government-labor ties. With respect to monetary and foreign exchange policy, the government attempts to manage the exchange rate of the Singapore dollar against various trading currencies and tries to keep the local dollar strong and stable. This practice encourages continued foreign investment and holds down the cost of imported goods.

TRANSPORTATION, COMMUNICATIONS AND UTILITIES

Air Transport

Situated at a crossroads of international shipping and air routes, Singapore is a center for transportation in Southeast Asia. The transportation network features state-of-the-art technology and continues to be improved and expanded. In 1982, an international airport was built at Changi, and a second passenger terminal is presently nearing completion. Singapore is served by more than 40 international airlines in addition to its own national carrier connecting most major cities. Seletar airport is a general aviation facility used primarily by owners of private aircraft.

Ocean Transport

The Port of Singapore is the second largest cargo-handling port in the world. Five gateways comprise the Port of Singapore (PSA): Keppel Wharves, Tanjong Pagar Container Terminal, Jurong Port, Pasir Panjang Wharves, and Sembawang Wharves.

In 1987, the total volume of seaborne cargo handled at Singapore's wharves, anchorages, oil refineries and other privately operated bulk-storage terminals increased by 4.8 percent. The combined cargo throughput (including 73.6 million tons of mineral oil-in-bulk), amounted to 118.3 million freight tons. This improved performance was largely due to an increase in containerized cargo attributed to economic growth. A new container port featuring state-of-the-art material handling facilities is planned for completion in 1992.

Highway and Rail Transport

Singapore is linked to Malaysia and Thailand by highway and by the Malaysian Railway System. The Republic possesses a modern network of roads and expressways which spans 2,758 km. Construction of the 67km Mass Rapid Transport system (MRT) is almost complete. Since November 1987, MRT has been providing subway and elevated passenger services covering a distance of 27 km.

Communications

Telecommunications facilities in Singapore are modern and comprehensive, providing high-quality communications with the rest of the world. The country's national and international telecommunications and postal services are administered by the Telecommunications Authority of Singapore (Telecoms). The national telephone network is served by 25 automatic telephone exchanges. The telephone density within the country is currently 44 telephones per 100 people, the highest density in Asia.

Singapore is connected internationally by telephone/telex/telefax to over 200 destinations and offers international direct dialing and assistance-free services to almost 150 destinations. International communication services are provided by the ASEAN submarine cable system, and by two satellite earth stations. Modern communications (radio and satellite) exist for shipping.

Airmail and surface mail services are available on a worldwide basis at a cost comparable to the U.S. mail. All letters travel first class. Second-class airmail must be unsealed, have no more than five written words, and weigh no more than 10 grams. Seamail is less expensive, but very slow (approximately 6 weeks to the United States). Airmail deliveries between Singapore and the United States take about 5 to 7 days; to Europe, about 5 days. Many international courier/express mail firms operate in Singapore.

Utilities

The Public Utilities Board (PUB) provides a reliable and continuous supply of electricity, water, and gas to meet rising utility demands from industrial, commercial and domestic customers. Electricity is generated at four oil-fired power stations (Pulau Seraya, Pasir Panjang, Jurong and Senoko Power Stations). Some electricity is generated by the refuse incineration plant of the Ministry of the Environment. The total generating capacity is about 3371 MW. A network of 230 kV, 66 kV, 6.6 kV and 0.4 kV cables interlinked by transformers at substations forms the transmission and distribution system. The network consists of 22,428 km of main cables, 21,259 megavolt-amperes of transformer capacity, 4,767 substations, and 20 substation kiosks.

Electricity in Singapore has a 50 Hz frequency and is available to domestic consumers at 400/230 volts (3 phase/1 phase) and to nondomestic consumers at 66 kV, 22 kV, 6.6 kV or 400/230 volts (3 phase/1 phase). Power is available to all parts of the main island of Singapore as well as to the southern offshore islands, which are served via submarine cables from the main island.

Water supplies are drawn from 14 impounding reservoirs in Singapore and 4 in Johore, West Malaysia. Water is also tapped from rivers in Johore. After purification and treatment at the 9 treatment works, water is pumped into 11 service reservoirs for distribution to consumers. Daily chemical and bacteriological tests ensure the quality of the water supply. Singapore uses standards set by the World Health Organization. Singapore's water is moderately soft and entirely potable.

The Public Utilities Board manufactures gas from naphtha, a refined feedstock with very low sulfur production, thereby minimizing air pollution. Gas is produced by six naphtha reforming plants at the Kallang Gasworks with a production capacity of 0.735 million cubic meters per day. Gas is supplied to consumers through over 1,738 km gas mains extending over major areas of Singapore.

DISTRIBUTION AND SALES CHANNELS

Import Channels

The import of American goods is usually done through established trading firms that have branches in Singapore and throughout Singapore's marketing area. These firms offer sales, after-sales servicing, and technical and engineering assistance. For a U.S. exporter, the after-sales support is of prime importance in gaining the confidence of a purchaser who may feel apprehensive about buying the equipment from a distant manufacturer. Thus, care should be taken in selecting an agent. U.S. firms may co-locate company representatives with the Singapore trading firm. The company representative is responsible for before and after-sales supervision of agents or distributors. This is a valuable function, since a large trading company may represent product lines of several hundred foreign suppliers involving several thousand items.

Singapore trading companies offer many services. They will maintain spare parts inventories, provide maintenance services, sell or process indent orders, and market to both wholesalers and retailers. The U.S. firm is responsible for locating an agent or distributor who can best fulfill its marketing needs and then support and supervise its representative to assure the use of aggressive selling techniques.

Alternatively, to maintain management authority over their sales efforts, U.S. exporters may find it advantageous to open a branch in Singapore. Many U.S. manufacturers and trading corporations have established operations here not only to cater to the local market but to use Singapore as a regional marketing and sales support base. Singapore provides tax incentives to foreign companies setting up "Operational Headquarters (OHQ)" here. OHQ is defined as an entity incorporated in Singapore for the purpose of providing management services to subsidiaries and associates. Letter-box operations and companies without substance will not qualify as an OHQ.

Sales to government agencies in response to official tenders are another important marketing opportunity. The importance of direct tendering is decreasing as foreign suppliers find it advantageous to tender through local representatives or joint ventures.

Ports and Warehousing

Port activities and facilities are as efficient and adequate as any in the world. Extensive port facilities are under the supervision of the Port of Singapore Authority (PSA). Public docking, cargo loading and unloading, and warehousing operations make use of modern mechanical materials handling equipment at all of PSA's wharves. More than 15 km of berthing facilities for oceangoing and coastal vessels are fully supported by transit sheds, warehouses, and access roads. PSA operates on a three-shift basis to assure minimum turnaround time of vessels.

Warehouse capacity in Singapore of over 2 million square meters includes multi-storey, automated, refrigerated and/or air conditioned warehouses in addition to transit warehouses at wharfside.

Goods delivered within 3 days of completion of discharge of vessels are not subject to storage charges in public warehouses. After 3 days, the charges are based on a sliding scale of rates which changes weekly. Free storage is allowed up to 28 days for transshipment cargo; after that a sliding scale of rates is levied.

Many private trading companies own and maintain extensive warehouse facilities.

Pilferage from Singapore warehouses is considered to be negligible, reflecting the high security standards in effect.

Distribution Practices

With a population of 2.6 million people within a 622.6 sq. km area, Singapore is as much a city as it is a country. The trading

companies discussed under "Import Channels" normally provide complete local (and frequently regional) distribution. One agent or distributor is generally sufficient for the Singapore market itself. The practice of exclusive appointments is common for Singapore. The practice of a Singapore agent or distributor appointing subagents or distributors in neighboring markets is fairly common, but should be thoroughly evaluated by the U.S. principals.

Wholesale and Retail Channels

In 1985, 16,000 firms were engaged in wholesale and retail trade. Facilities range from the most modern warehouses and department stores to small, owner-operated shops. Modern, Western-style retail outlets are commonplace as are U.S. merchandising methods.

Due to Singapore's small size, there are few large wholesalers. Small wholesalers will usually supply credit to retailers who agree to stock their products. Generally, larger trading companies handle wholesaling and, to some degree, retailing in Singapore. These companies maintain large warehouse complexes in connection with their trading activities and supply the retail market from these facilities. Payment is usually made by the retailer on a deferred basis. Since Singapore is a regional distribution center, trading companies often serve a far wider market than just Singapore itself.

The U.S. Department of Commerce provides a variety of services to businesses such as locating agents, distributors, and end-users, and in obtaining background information on foreign companies. For information, contact a U.S. Department of Commerce district office in one of the 48 cities where they are located or write: Export Promotion Services, Room 1066, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230.

Government Procurement

Almost all government purchasing is done by tenders. Invitations to bid on government projects are published in the Singapore Government Gazette (available from Singapore National Printers Ltd., 8 Shenton Way #B1-07, Treasury Building, Singapore 0106). Invitations may be restricted to contractors registered with the department initiating the request or may be open to general bidding. Complete instructions are issued at the time invitations are published, indicating the sources of tender documents, drawings and specifications and filing procedures.

The Department of Commerce publishes foreign tenders in various publications and contacts appropriate trade associations and other industry groups when bids are open to international competition.

ADVERTISING AND RESEARCH

Advertising Media

Advertising is widely used in marketing in Singapore. There are several advertising and public relations firms that will provide the exporting company or its agent with the complete range of public relations services. Product identification can be developed to associate the merchandise with either the U.S. manufacturer or the local distributor, depending upon the preferences of the exporter.

Some companies feature the "American" origins of the products, others choose to localize or internationalize the image. Several of the large trading companies do their own advertising. This practice results in the product or service being associated with the distributor rather than the foreign supplier.

Foreign suppliers, on the other hand, may purchase space in local newspapers. When the U.S. export company buys local advertising space, it often uses a format developed by a local advertising firm to insure that its marketing campaign will conform to local customs and preferences. The most effective media advertising is done in the daily newspapers (circulation 700,925 in the four official languages -- English, Chinese, Malay and Tamil). Most of the Singapore business and consumer public can be reached in the English language press.

Rising family incomes make radio and television a very popular medium for advertising. Over 70 percent of the population listens daily to Singapore Broadcasting Corporation (SBC) radio broadcasts. SBC's television network operates 155 hours weekly on three separate channels, offering a full range of programs in color. Both radio and television offer substantial commercial time and program sponsorships. Advertising in more popular American publications also reaches the Singapore market. U.S. consumer, news, and trade journals have a wide circulation, particularly among the more affluent international business and professional customers, many of whom are headquartered in Singapore.

Most forms of advertising familiar to the exporter are available in Singapore. The type of promotion will of course, depend upon the product and the target market. Flyers, billboards, store displays, radio, newspapers, etc. are all effective marketing techniques in Singapore.

Market Research and Trade Organizations

Market research is recognized as an essential and effective marketing tool. It is being utilized with increasing frequency in Singapore

with very satisfactory results. Several firms have been established to supply this service and have developed an acceptable competence in professional market research. These firms are constantly expanding their activities to meet the growing demand for their expertise.

Although professional market investigation services are available, many local trading firms conduct market inquiries on an ad hoc basis. While the results are often good, they vary according to the competence of the firms and their staff responsible for market planning and development. Foreign suppliers having agency contacts with local firms are able, in many cases, to obtain the most useful market assessments and market development guidance from their agents.

For an in-depth assessment of a product's market potential, an American supplier may also engage a U.S. or third country market research firm, or the supplier may send his own market specialist to Singapore to conduct the necessary research.

Business organizations, both government and private, may also be helpful as sources of market information. There are several chambers of commerce organized on an ethnic basis. They have good membership support and are loosely tied into a single united chamber in an effort to achieve a consolidated approach when representing the viewpoint of private enterprise in its relations with the government. The largest of the chambers has been organized by business people of Chinese origin. Membership includes a large number of exporters and importers. There is also the Singapore International Chamber of Commerce, which publishes the monthly Economic Bulletin. This periodical advertises trade inquiries and presents trade statistics and general business information helpful to the world trader. Its offices are located in the Denmark House, Raffles Quay, Singapore 0104.

The American Business Council represents the interests of nearly 800 American firms and individuals. It is not involved in trade promotion or export assistance for nonmembers.

Facilities of the government to promote commerce and industry have limited application to the promotion of foreign export opportunities in the local market. Principal emphasis is on the promotion and assistance to local industrial expansion and exports. In Singapore, the Economic Development Board (EDB) has the responsibility for the promotion of manufacturing and related services. The Trade Development Board (TDB) on the other hand, deals mainly with imports and exports.

CREDIT AND BANKING

Singapore is the major financial center for Southeast Asia. Its financial activities have become an important adjunct to its export-oriented industries and its development as a manufacturing center. As of March 1986, there were 136 banks in Singapore, composed of 37 banks with full licenses (of which 13 were locally incorporated), 14 with restricted licenses and 85 with offshore licenses. American banks that provide full banking services include Citibank, Chase Manhattan and Bank of America.

The Development Bank of Singapore (DBS), owned by the government and a number of financial institutions, is the major source of medium- and long-term loans in Singapore dollars. Commercial banks, however, are increasingly providing medium and long term loans to manufacturing firms. DBS extends credit for 5 to 10 years at competitive interest rates covering up to 50 percent of plant and machinery costs and up to 65 percent of the value of factory buildings. Higher percentages are available for particularly desirable projects and for expansion loans.

Several merchant banks have been formed to assist in the financing of Singapore's rapid industrial growth. These banks' activities cover areas not serviced by commercial banks and include capital equipment leasing, medium-term currency loans, direct investment in selected industries, and consulting services from their staffs of lawyers, brokers, and accountants.

Finance companies not only provide basic loans to firms, but also finance commercial and trade purchases.

Shipments to Singapore are made under letters of credit and sight drafts, depending on the exporter's preference and the extent of past dealing with the purchaser. For payment of letters of credit, the normal periods are 60, 120 and 180 days. The foreign departments of most major banks are well equipped to give service and advice in matters of foreign trading and credit.

Quotations should be on a c.i.f. basis whenever possible. The prices given may be either in U.S. or Singapore dollars. Exporters making quotations in Singapore dollars should consult their bank for the prevailing exchange rate.

Commercial information on Singapore firms is available through World Trader Data Reports. These reports are compiled by the Foreign Commercial Service and are available from the U.S. Department of Commerce's International Trade Administration district offices. Such information is also available from private agencies. Principal U.S. credit reporting agencies include National Association of Credit Management, 520 Eighth Avenue, New York, N.Y. 10018; and Dunn and Bradstreet Inc., 299 Park Avenue, New York, N.Y. 10171.

LIST OF U.S. BANKS IN SINGAPORE

American Express International Banking Ltd.
4 Shenton Way #14-00
Shing Kwan House
Singapore 0106

Bank of America NT & SA.
24 Raffles Place
#01-80 Clifford Centre
Singapore 0104

Bank of New York
10 Collyer Quay
#24-02 Ocean Building
Singapore 0104

Banker Trust Company
50 Raffles Place
#26-01/06 Shell Tower
Singapore 0104

Chemical Bank
50 Raffles Place
#32-01 Shell Tower
Singapore 0104

Citibank N.A.
5 Shenton Way
UIC Building
Singapore 0106

First City National Bank of Houston
10 Collyer Quay #25-07
Ocean Building
Singapore 0104

First Interstate Bank of California
5 Shenton Way #23-00
UIC Building
Singapore 0106

First National Bank of Boston
20, Collyer Quay
#16-00 Tung Centre
Singapore 0104

Manufacturers Hanover Trust Co.
50 Raffles Place #34-00
Shell Tower
Singapore 0104

Marine Midland Bank N.A.
21 Collyer Quay
#19-01 Hongkong Bank Building
Singapore 0104

Morgan Guaranty Trust Co.
6 Shenton Way
#30-01 DBS Building
Singapore 0106

NCNB Texas National Bank
5 Shenton Way
#11-01 UIC Building
Singapore 0106

Republic National Bank of New York (S) Ltd.
180 Cecil Street
#13-01 Bangkok Bank Building
Singapore 0106

Security Pacific National Bank
21 Collyer Quay #19-00
Hongkong Bank Building
Singapore 0104

The Chase Manhattan Bank N.A.
50 Raffles Place
Shell Tower
Singapore 0104

The Citizens & Southern National Bank
137 Market Street #12-02
Bank of East Asia Building
Singapore 0104

The First National Bank of Chicago
76 Shenton Way #13-00
Ong Building
Singapore 0207

TRADE REGULATIONS

Trade Policy

Singapore has long been a regional distribution and sales center for Southeast Asia, functioning basically as a free port with few duties. There are few tariffs and, therefore, no practical tariff "barriers" to exporting to Singapore.

Singapore subscribes to the obligations of the International Monetary Fund (November 9, 1968) and is a contracting party to the General Agreement on Tariffs and Trade -- GATT (August 20, 1973).

Tariff Structure

The Singapore Trade Classifications and tariff schedules are based on the Harmonized System. A significant plus for U.S. firms marketing in Singapore, however, is the virtual absence of tariffs. In recent years, Singapore has moved to an emphasis on export-oriented industries and import duties are no longer considered an important means of industrial protection. The few dutiable items include alcoholic beverages, tobacco, petroleum products, sugar confectionery, motor vehicles, clothing, household refrigerators and certain furniture items.

Approximately 50 percent of the duties are levied on a specific basis (certain amount of Singapore dollars per unit of measure); 40 percent are levied on an ad valorem basis (certain percentage rate of the total invoice value of a shipment of goods); and 10 percent of the duties are either specific or ad valorem, whichever is higher, or a combination of the two. Ad valorem rates range from 5 to 45 percent.

Copies of the Singapore Trade Classification and Customs Duties are available from the Singapore National Printers Ltd., 8 Shenton Way #B1-07, Treasury Building, Singapore 0106.

Basis of Duty Assessment

For direct importation of goods from suppliers or manufacturers, ad valorem duties are based on the Singapore customs open-market value, i.e., at the c.i.f. value, plus cost (1 percent of the c.i.f. covering handling and other incidental expenses). For importation through an agent, ad valorem duties are based on c.i.f. value plus cost and agent commission. Duties are payable in Singapore dollars at the time dutiable goods are cleared through customs.

Information regarding Singapore's dutiable imports may be obtained free of charge from the Office of the Pacific Basin, Room 2308, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230. Inquiries should contain a complete product description, including Harmonized System number.

Standards

Singapore uses the metric system. While industrial standards applied in the engineering and construction fields are basically those used by the developed countries, the Singapore Institute of Standards and Industrial Research (SISIR) has developed standards for certain electrical, sanitary and building products. U.S. suppliers of these products planning to expand sales into Singapore should check with SISIR before exporting.

Environmental Protection

Most industrial and commercial enterprises are covered by antipollution legislation. The major laws include the "Clean Air Antipollution Regulations of 1971," "Clean Air Regulations, 1972"; "Water Pollution and Drainage Act, 1975"; and the "Trade Effluent Regulations, 1976." In March 1972, Singapore instituted regulatory measures for motor vehicles covering air pollution standards.

Entry and Reexport

Upon arrival of goods in Singapore (by either surface or air), the importer must present to the carrier's agent an appropriate import declaration certified by the Registrar of Imports and Exports in exchange for a delivery order that entitles the agent to take delivery of the company's shipment. Landing permits for dutiable goods must be obtained from customs officials and goods must be landed at a wharf, customs airport, or other designated place. Goods that are loaded, transshipped, or removed contrary to this procedure are liable to seizure. If goods are not accounted for within a prescribed period, fines are levied. Penalties are also imposed for goods not accounted for in the event of short shipment, short lading, or overlading.

Transit, Transshipment and Reexport

Singapore's traditional role as a transit zone and transshipment point for Southeast Asian trade continues practically unaffected by the country's minimal trade controls. Most of its trade continues to move without customs duties or other restrictions, making Singapore an oasis of "free trade." For the storage of dutiable goods, government and private bonded warehouses are available both inside and outside port areas.

Much of Singapore's transit trade is handled under the jurisdiction of the Port of Singapore Authority. Within its controls, goods may be loaded, unloaded, stored, sorted, repacked, and transshipped with minimum customs involvement. Goods do not pass through Singapore customs unless they are removed from this area.

Sampling of cargoes held on Port Authority premises may be approved upon written application. While other forms of processing are generally not permitted, in some cases (again subject to written

application and approval), assembly may be undertaken. Manufacturing is not permitted in Port Authority public warehouses but may be performed (with a license from the Customs Department) in the free trade zones and in other buildings specifically leased for such purposes within the port area or in other areas approved by the government.

The entry, departure, or transfer of goods to or from transit sheds and storage warehouses, within the general port area by shippers, agents or consignees, is subject to certain documentary requirements. Prior to the exportation, reexportation or transshipment of goods from Singapore, export permits issued by the Registrar of Imports and Exports must be obtained. Shipping agents are also allowed to ship cargo overland on transshipment declaration permits.

Dutiable goods on which duties have not been paid may be reexported without payment of duty only if they are moved under Customs control and checked out at the port of boundary station. All or part of the customs duty paid on the goods may be refunded as prescribed by the Minister of Finance, if imported and reexported within a prescribed period. This applies also to goods imported, manufactured and then reexported.

Samples and Advertising Matter

Samples of no commercial value are admitted duty-free into Singapore. Dutiable samples (e.g., liquor and tobacco items) may be brought in by commercial travelers under bond or under deposit of duty. The bond is canceled or the deposit refunded if the samples are exported within 6 months or within such time the authorities may grant.

Commercial travelers' samples and samples imported by parcel post may enter duty free. No restrictions are imposed on the reexportation of duty-free goods. No refund of duty is granted on liquor and tobacco samples. Only advertising material relating to a limited number of items, including tobacco and liquor, is subject to customs duties.

Advance Ruling on Classification

When an importer is in doubt as to the classification of goods, a sample and description of the goods may be sent to appropriate customs officers. Any ruling the customs officer may make is purely advisory and not binding. The customs officer may elect to send a sample of the goods to the Comptroller of Customs for a ruling on the classification of the article. Such a ruling is considered binding.

Fines and Penalties

With the exception of a customs officer pursuing his duties, no person may have in his possession or control in a customs or licensed warehouse, any dutiable goods or denatured spirits imported contrary to the provisions of the customs regulations. All goods dealt with in contravention of these regulations are liable to seizure, and any person found guilty of possessing such dutiable goods is liable to a fine.

Any person who makes false or fraudulent alterations on any document required by the Import and Export Control or Customs authorities is subject to punishment with imprisonment or fine.

Penalties are levied for the importation of prohibited goods, removal of goods before examination by a customs officer, the illegal removal of goods from a warehouse or other place of security, the deliberate concealing of prohibited or undeclared goods or goods that have been removed illegally, and the fraudulent evasion or attempt at evasion of customs duty. The Singapore Customs (Dumping and Subsidies) Ordinance of 1962 provides for the imposition of antidumping and countervailing duties -- in addition to normal import duties -- on dumped and subsidized goods, if their import is likely to endanger an established industry or retard the establishment of an industry.

Internal Taxes

Excise taxes equal to import duties are levied on locally manufactured petroleum products. There is an excise tax imposed on certain locally manufactured alcoholic beverages. There is also a censorship fee on films and a levy on admission tickets. On first registration of a new vehicle in Singapore, a fee of 175 percent (plus a 45 percent duty for imports) of the open market value (to be determined by the Registrar) of all passenger cars is levied. There is also an annual registration fee (road tax) determined on the basis of the cubic capacity of the engine, which ranges from $0.60 to $1.50 (Singapore dollars) per cubic centimeter. An additional tax, which is six times the road tax levied on gasoline powered vehicles, is imposed on motor vehicles fitted with engines using heavy/diesel oil. These rates went into effect in March 1985, and represent the government's attempt to alleviate the strain placed on Singapore's transport system by the increase in vehicles.

Shipping Documents

Documents required by Import and Export Control and Customs authorities for air and surface shipments entering Singapore include the commercial invoice, the bill of lading for surface shipments and

air waybill for air freight, import declaration, packing lists and insurance documents. Special documents are also required for the importation of certain plant materials, birds, and animals.

Commercial Invoice - Special commercial invoice forms are not required. Invoices may be printed on an exporter's letterhead, but must be signed by a responsible person of the firm and must show the proper description, quantity or weight , c.i.f. value, country of origin of the goods, and name or number of the vessel or aircraft in which such goods are shipped. Two copies are forwarded under separate covers to the consignee in Singapore; the original copy must be submitted to the customs authorities.

Bill of Lading - The bill of lading should show the name of the shipper, consignee and steamer, the exporter's mark, the number of packages, and a description of the goods.

Certificate of Origin - A certificate of origin is required only for banking purposes when a dollar exchange is supplied by the local control authorities and for goods for which a preferential tariff rate is to be claimed. There is no special form for the certificate which may be certified by a chamber of commerce, a recognized bank or by a firm of international repute.

Import Declaration - Importers are required to present an import declaration for all imports.

Marking and Labeling Requirements

Labels are required on imports of food, drugs, liquors, paints and solvents, and must specify the country of origin. Prepacked foods must be labeled to show (in English) the appropriate designation of the food content printed in capital letters at least 1/16 inch high; whether foods are compounded, mixed or blended; the minimum quantity stated in metric net weight or measure (intoxicating liquors, soft drinks and condensed or dried milk are exempt from this provision if prepacked in a container for retail sale); the name and address of the manufacturer or seller; and the country of origin. Sugar confectionery, chocolate and chocolate confectionery are exempted from all the general labeling requirements for prepacked foods.

A description (in English) of the contents of the package may be added to the face of the label provided the additional language is not contrary to, or a modification of, any statement on the label. Pictorial illustrations must not be misleading as to the true nature or origin of the food. Foods having defined standards must be labeled to conform to these standards and be free from added foreign substances. Packages of food described as "enriched'" "fortified," "vitaminized," or in any other way which implies that the article contains added vitamins or minerals, must show the quantity of vitamins or minerals added per metric unit.

Special labels are required for certain foods, medicines, and goods such as edible and nonedible animal fats as well as paints and solvents. Processed foods and pharmaceuticals must be inspected and approved by the Ministry of Health. Electrical goods must be checked by the Public Utilities Board engineers before they can be installed in government establishments, while paints and solvents are the responsibility of the Chief Inspector of Factories, Ministry of Labor.

Exchange Controls

On June 1, 1978, exchange controls were completely removed making it possible for all Singapore residents and corporations to freely make payments in all currencies and to invest in any country. There are no restrictions placed on the movement of capital to and from Singapore, including the repatriation of profits derived from foreign investments.

The Singapore currency, the Singapore dollar, was introduced on June 12, 1967 to replace the "Straits dollar." Since 1973, the Singapore dollar has been floating freely against other world currencies. The exchange rate as of February 1989 was $1.928 (Singapore) = US$1.00. U.S. firms should take care to assume transactions are specified as Singapore or U.S. dollar, as both currencies are symbolized by "$."

Singapore's Export Controls

All exports from Singapore are technically subject to control and must be declared. However, restrictions are imposed on only a few categories of exports. Export control functions are carried out by the Ministry of Trade and Industry.

Exports of certain textiles to Norway, Sweden, the United Kingdom, and the United States are subject to licensing requirements, and all exports of metal scraps of iron and steel and untreated bird feathers are restricted. Since August 1979, exports of footwear and textiles/apparel to the United States are subject to U.S. quotas and export licenses.

INVESTMENT IN SINGAPORE

Foreign and U.S. Investment

Total investment commitments in 1987 were $827.6 million, an increase of 20.8 percent over the previous year. Investment commitments were largely concentrated in the electronics industry for the manufacture of industrial electronic equipment, consumer electronic products, and electronic components. There were also

substantial investments in supporting industries like plastic moldings, precision tools and dies, and fabricated metal products.

The United States is the largest total investor in Singapore. Total U.S. investment at the end of 1986 was about $7.6 billion. U.S. investment in 1987 amounted to $258.8 million, a close second to Japan with investment of $285.4 million.

Government Policy on Investment

The Government of Singapore bases its fundamental economic development strategy on making the country as attractive as possible to foreign investors in activities it considers suitable. By and large, Singapore draws no distinction between foreign private investment and local investment. Foreign investment is more restricted in certain service industries such as insurance, banking, and related financial services.

Manufacturing firms interested in operating in Singapore usually negotiate incentives with the Economic Development Board (EDB), a statutory board which operates under the guidance of the Ministry of Trade and Industry. The EDB administers most of the investment incentives offered by the government. It also approves investment based on the sophistication of the product and the technology the firm proposes to bring with it. A premium is placed on maximizing the capital/labor ratio and the value-added per worker in any manufacturing proposed. Companies that propose to use the most advanced manufacturing technology available are generally favored by the EDB. Relatively labor-intensive assembly operations are generally not offered incentives and may not be approved.

Investment Incentives

Singapore does not operate any formal screening mechanism to permit certain investments and exclude others. The government, however, is highly selective in its provision of investment incentives, in order to promote industries consistent with its overall development strategy.

Pioneer Status - Under this exemption, profits of manufacturing and certain service companies may be exempted by the Minister for Finance for a period of 5 to 10 years. The EDB considers the contribution the investment will make to Singapore and requires a commitment to achieve certain levels of investment in fixed assets in 4 or 5 years.

Expansion Incentive - The profits from approved plant expansion (over S$10 million) in productive equipment and machinery are exempted from corporate tax up to 5 years.

Export Incentive - This exemption provides for a 90 percent reduction in corporate tax (from 33 to 4 percent) on export profits. Export sales must be at least S$100,000 and total at least 20 percent of total annual sales. The tax relief period is an additional 3 years for companies receiving Pioneer Status, and 5 years for nonpioneer companies. Fifteen years (inclusive of the Pioneer Status tax relief period for companies receiving that incentive) may be granted for projects with fixed capital expenditure of no less than S$1 billion, or projects with fixed capital expenditure between S$150 million and S$1 billion, provided (a) 50 percent of the company's paid-up capital is held by persons permanently resident in Singapore and (b) the export enterprise will promote or enhance the economic and technology development of Singapore.

Investment Allowance - Companies starting up or increasing the manufacture of any product can apply for a tax exemption worth up to 50 percent of the fixed capital expenditure on specified items. The allowance is also available for expenditures for acquiring technical know-how or patent rights. Companies that engage in specialized engineering or technical services, research and development activities and construction may also qualify for this benefit. There is no statutory minimum requirement in terms of fixed investment or turnover for a project to be considered under this scheme. However, the fixed capital expenditure must be incurred within a specified period not exceeding 5 years. During its qualifying period, or within 2 years after the end of its qualifying period, the company cannot, without the approval of the Minister for Finance, sell, lease or otherwise dispose of any assets for which an investment allowance has been given. This allowance is an alternative to Pioneer Status but may be granted in addition to normal capital allowances and accelerated depreciation.

Warehousing and Servicing Incentive - Companies engaged in regional warehousing and servicing operations for engineering products are entitled to a concessional 20 percent corporate tax rate for a period of 5 years on profits from export sales of goods and services. Companies that invest at least S$2 million in buildings and productive equipment are eligible.

International Consultancy Incentive - This incentive is extended to companies engaged in technical advisory services, design and engineering fabrication of equipment, and management and supervision of installation construction and data processing. These services must be for overseas projects, and only companies earning more than S$1 million per year from such services are eligible. The incentive is a concessionary 20 percent corporate tax rate for a period of 5 years.

Foreign Loans for Productive Equipment - The 40 percent withholding tax on interest payable to foreign lenders for loans can be exempted if the foreign loan is no less than S$200,000 and is made for the purchase of productive equipment for manufacturing and related activities. Any productive equipment financed with an approved foreign loan cannot be sold or otherwise disposed of without the prior consent of the Minister for Finance before the loan has been repaid in full.

Approved Royalties, Fees and Development Contributions - The 40 percent withholding tax on approved royalties, license fees, and technical assistance fees or contributions to research and development costs paid to nonresidential foreigners can be exempted 50 to 100 percent. This tax relief should not result in an increase in the nonresident's tax liability in his country of origin.

Double Tax Deduction Schemes - There are several schemes designed to encourage Singapore manufacturers and traders to increase exports and invest in laborsaving equipment by permitting double deductions of certain expenses with respect to the corporate income tax. These incentives are not available to companies already enjoying tax relief under the Economic Expansion Incentives Act. They are administered by the Trade Development Board (TDB) and are available to locally controlled companies.

Accelerated Depreciation Allowances - Capital expenditures on robots, computers and other prescribed office automation equipment (applicable to nonmanufacturing enterprises as well) are eligible for a 100 percent write-off in the first year. Industrial enterprises may claim an accelerated allowance of 33-1/3 percent per annum for a period of 3 years on capital expenditure incurred on plant and machinery. The provision is also applicable to equipment and devices installed for the prevention of air and water pollution. Industrial buildings can be depreciated over 25 years, with an initial capital allowance of 25 percent and subsequent annual 3 percent depreciation allowances.

Research and Development (R&D) Incentives - Various incentives are offered to manufacturing companies engaging in R&D and to specialized R&D institutions servicing manufacturing companies:

- Manufacturing companies that include R&D as part of their operations may be considered for a further 1 or more years of Pioneer Status.

- In addition to the normal capital allowances, an investment allowance of up to 50 percent of the fixed investment in R&D equipment can be considered.

- Heavy recurrent expenses (subject to a maximum to be determined by the Minister for Finance) for manpower, materials and utilities for R&D activities may be considered for double tax deduction. This relief is available for up to 5 years.

- Public institutions and private companies which collaborate with public institutions in conducting major R&D projects of national and technological significance may apply for government funding. Participating organizations are expected to bear part of the R&D costs, especially when R&D results are of direct interest to those organizations.

- Payments for approved know-how, patent rights, and manufacturing licenses can be capitalized and written-off over a 5-year period.

- Plant and machinery used for R&D can be depreciated over 3 years.

- R&D buildings (like industrial buildings) can be depreciated over 25 years.

- Exemptions of 50 to 100 percent from withholding taxes on payments to foreigners of royalties, technical assistance fees, or contributions to R&D may be claimed.

Offshore Income - Financial institutions may apply for a concessionary corporate tax rate of 10 percent (vs. 33 percent) on offshore income derived from operations of Asian Currency Units. This concessionary tax rate is also provided to member firms on the Singapore International Monetary Exchange (SIMEX) on income derived from transactions in gold bullion or in approved commodity or financial future contract on any approved exchange or in any approved market. Insurance companies may claim the same concession on income derived from insuring or reinsuring offshore risks.

Special Incentives for Foreign Investors - Nonresidents are exempted from tax on income derived from the following:

- Monies held on deposit in approved banks in Singapore.

- Asian dollars bonds whenever floated.

- Credit facilities not less than S$200,000 for the purchase of productive equipment for approved projects.

- Nonresidents are also exempted from Singapore estate duties on the following: deposits with Asian Currency Units; approved Asian dollar bonds; approved Singapore Government tax-free bonds, stocks, and securities.

Singapore's Double Taxation Treaties

Provisions to eliminate or minimize double taxation have been incorporated into treaties with Malaysia, Japan, United Kingdom, Australia, Belgium, West Germany, France, Thailand, Switzerland, Denmark, Sweden, Norway, Israel, China, Netherlands, New Zealand, Canada, Italy, Philippines, Sri Lanka, South Korea, Bangladesh, Finland, Taiwan and India. There is no bilateral tax treaty with the United States, meaning a U.S. citizen or resident living or working in Singapore is liable for U.S. income tax. Tax forms and information booklets are available at the Internal Revenue Service Office, 30 Hill Street, Singapore 0617.

Investment Agreements

Singapore has signed investment guarantee agreements with the following countries: Canada, France, West Germany, the Netherlands, Switzerland, United Kingdom, United States, Belgo-Luxembourg Economic Union, and Sri Lanka. Under these agreements, investments by nationals or companies of both contracting parties in each other's respective country are protected for a specified period, usually 15 years, against war and noncommercial risks of expropriation.

Singapore's investment guarantee to the United Kingdom operates by means of a trust fund containing sterling assets equal to 105 percent of the investment value. For other countries -- the United States, the Netherlands, and West Germany -- there is no trust fund. In the event of noncommercial risks, Singapore will compensate the foreign investors either directly or through their governments. Generally, the compensation will be based on the market value of the property destroyed or confiscated.

Singapore Stock Exchange

The Stock Exchange of Singapore (SES) is a self-regulating body managed by a committee of nine members. The committee is headed by a nonbroker chairman in a full-time executive capacity. The remaining members of the committee include four elected stockbroking members and four from nonbroking industries. There are 24 member companies to which the 90 stockbroking members, 182 dealers and 638 remisiers are attached. Companies listed on the exchange are classified into six groups: industrial and commercial, finance, hotel, property, plantation, and mining. At the end of 1987, there

were 321 listed companies with paid-up capital of $14.2 billion and a market capitalization of $40.6 billion (including preference shares, but excluding debentures, bonds, and loan stocks, all of which are also traded on the exchange).

Business Organization

Persons who wish to carry on business in Singapore must seek registration either under the Business Registration Act or the Companies Act. These two acts regulate businesses and companies in Singapore. They are administered by the Registrar of Companies and Businesses. Sole proprietorships and partnerships may be registered in Singapore under the Business Registration Act and incorporated companies and foreign companies may be registered under the Companies Act.

Sole Proprietorships - Any individual may start a business after registering with the Registrar. Before a business can be registered, the applicant should make an application to the Registrar to ensure that the proposed name is available. Sole proprietorships are not corporate bodies and registrations must be renewed each year.

Partnerships - Any number of people up to a maximum of 20 may enter into a partnership, which must be registered through an application to the Registrar. Businesses consisting solely of a profession regulated by law do not fall under this requirement. Partnerships are also not corporate bodies and must renew their registrations annually.

Incorporated Companies - The basis of company law in Singapore is the Companies Act. Under this act, any two or more persons associated for any lawful purpose may form an incorporated company by subscribing their names to a memorandum and complying with the requirement for registration. However, it becomes mandatory to register as a company once an organization, association or partnership whose object is to realize profits or gains has more than 20 members.

Four types of companies may be formed under the Companies Act:

- A company limited by shares: the liability of members of this company being limited to the amount paid and unpaid (if any) on the shares held by them.

- A company limited by guarantee: the liability of members being limited to the amount they individually undertake to contribute to the assets of the company.

- A company limited both by shares and guarantee: the liability of members limited to both (a) and (b) as shown above.

- An unlimited company: the liability of members being unlimited.

A limited company may be either private or public. A company having shares can be registered as a private company if it does not have more than 50 shareholders, restricts the right to transfer shares and prohibits any invitation to the public to subscribe to its shares and debentures or to deposit money with it (otherwise, it would be registered as a public company).

A limited company must have either "Berhad" or "Limited" as part of or at the end of its name. A private company must have the word "Sendirian" or "Private" as part of its name, inserted immediately before the word "Berhad" or "Limited," or in the case of an unlimited company, at the end of its name.

Registration - Formalities which must be completed before a company can be registered under the Companies Act are listed below.

- Applications must be made to the Registrar of Companies and Businesses for approval of the name of the company.

- A memorandum and Articles of Association should be drawn up for the purpose of registration. The requirements for the memorandum are specified in Section 18 of the Companies Act.

- Companies must file with the Registrar of Companies:
  (1) A certificate of Identity of the officer/subscriber to the memorandum by Notary Public and Advocate and Solicitor;
  (2) A Statutory Declaration of Compliance with the requirements of acts made by the Solicitor who is engaged in the formation of the company; and
  (3) A statutory return of directors (with consent to act) and secretaries named in the Articles of Association.

- Upon the Issue of a Certificate of Incorporation the directors must decide on:
  (1) The registration office of the company;
  (2) The adoption of a common seal; and
  (3) The allocation of shares.

Foreign Companies - A foreign company must have a registered office in Singapore which must be open and accessible to the public for not less than 5 hours between 9 a.m. and 5 p.m. each day (Saturday, Sunday, and public holidays excepted). The agent of a foreign company is answerable for the doing of all acts, matters, and things as are required to be done by the company under the Companies Act and is personally liable for any penalties imposed on the company for any contravention of such requirements.

Every company shall, within 1 month after it establishes a place of business or commences business in Singapore, lodge with the Registrar of Companies for registration:

- A certified copy of the certificate of its incorporation or registration in its place of incorporation or origin or a document of similar effect.

- A certified copy of its charter, statute or memorandum and articles or other instrument constituting or defining its constitution.

- A list of its directors containing similar particulars with respect to its directors as are required to be contained in the register of the directors, managers and secretaries of a company.

- Where the list includes directors resident in Singapore who are members of the local board of directors, a memorandum duly executed by, or on behalf of, the foreign country stating the powers of the local directors.

- A memorandum of appointment or power of attorney under the seal of the foreign company or executed on its behalf, stating the names and addresses of two or more persons resident in Singapore authorized to accept on its behalf, service of process and any notices required to be served on the company.

- Notice of the situation of its registered office.

- A statutory declaration in the prescribed form made by the agents of the company.

Directors/Secretaries - Every company must have at least two directors who must be born citizens of Singapore, one of whom must be ordinarily in the country. It must have at least one secretary who must be a born citizen having his principal, or only place, of residence in Singapore. No persons other than one of full age can be a director and a person over age 70 may only be appointed as a director of a public company or of a subsidiary of a public company by a three-fourth majority of shareholders present at the annual general meeting.

For more information on corporations and services provided by the Registry of Companies, contact Registrar of Companies, 1 Colombo Court #06-06/16, North Bridge Road, Singapore 0617.

TAXATION

The basic legislation that imposes personal and corporate income taxes, defines deduction, establishes appellate procedures and sets forth tax is the Income Tax (Amendment) Act of 1984. Copies of this legislation may be purchased from the Singapore National Printers Publications, 8 Shenton Way #B1-07, Singapore 0207. The types of direct taxes that are levied are income taxes (companies and individuals), property taxes, estate duty and stamp duty. In Singapore, there are no capital gains tax, general sales tax, value-added tax, or defense surcharges.

Income Tax

Income tax is the largest single source of revenue in Singapore, accounting for more than two-thirds of the government's total revenue. Income is defined to include gains or profits from any trade, business, profession or vocation; earnings from employment; dividends, interest and discounts; pensions and annuities; and rents, royalties, and earnings from property.

The personal income tax rate ceiling effective April 1, 1986 is 30 percent. Previously the ceiling was 40 percent. Marginal tax is adjusted downward to a low of 15 percent.

Individual Income Tax Liability

Temporary Residents - Income from sources outside Singapore received by temporary residents of Singapore is exempt from Singapore income tax under certain conditions. The individual must not have resided in Singapore for a period, or periods, equaling 6 months in 1 year. Directors of companies are liable for a flat income tax rate of 30 percent regardless of the length of their stay in Singapore.

Short-term Visiting Employees - Income derived from employment in Singapore by nonresident employees who stay in Singapore for not more than 60 days in 1 year is exempt from Singapore income tax.

Nonresidents - Persons residing in Singapore for more than 60 days, but less than 183 days in 1 year are normally considered to be nonresidents. The income of such persons (whether paid in Singapore or not) derived from employment in Singapore is taxable at a flat rate of 15 percent, provided the tax payable is not less than that payable by a resident in the same circumstances. Income from most other sources is taxable at a flat rate of 40 percent.

Residents - An individual who has resided in Singapore for 183 days or more in 1 year is considered a resident and is liable for tax on income derived from, or received in, Singapore on the same basis as Singapore citizens. Personal income tax is charged on a sliding scale ranging from 4 to 30 percent after deductions.

Corporate Tax

Corporations pay a flat tax of 33 percent after deductions for certain expenses, depreciation allowances, trading losses, and donations to approved charities. A number of tax exemptions are available to companies engaged in qualifying manufacturing, service and export trade activities.

Deductions are allowed for all direct and overhead expenses incurred in generating income. The list of allowable deductions includes, but is not limited to, the following items: interest on loans, dividends declared; rent; expenses incurred for repair of premises, plant, machinery or fixtures; bad debts; contributions to approved pensions; and depreciation on buildings, machinery and equipment.

Payroll Tax

Employers are assessed a payroll tax, paid monthly at a flat rate of 2 percent, on all wages for employees working in Singapore. This tax is not applicable to persons who are self-employed.

Property Tax

Property tax is levied on immovable properties. A flat rate of 23 percent is levied on all properties other than owner-occupied temporary structures and approved development projects which will continue to enjoy a flat rate of S$6 per annum and 12 percent respectively. A surcharge of 10 percent of the annual value of a property is levied on all residential properties. Owners who are Singapore citizens, permanent residents or companies registered and carrying on business in Singapore are eligible for exemption. If the residential properties are condominium units or apartments in buildings of not less than six stories, eligibility for exemption is opened to all categories of owners. The previous 30 percent property tax rebate on commercial and industrial properties has been increased to 50 percent. The additional 20 percent rebate will be awarded only if it is passed fully to tenants.

Stamp and Documentary Tax

A stamp tax is imposed upon certain legal documents, namely, contracts, affidavits, conveyances, bills of sale, receipts, and securities. The rate of tax varies according to the type of document and the amount involved. Firms transacting business in Singapore should ascertain which, if any, of their business forms are subject to the stamp act.

EMPLOYMENT

Labor Force

Singapore has an energetic and conscientious labor force, numbering about 1.2 million in 1987. Worker productivity is high. The labor pool increases by approximately 30,000 each year. Singapore has a tight labor market, with an unemployment rate that averages between 2 and 4 percent. Most industrial workers speak English and are readily trainable in advanced industrial production techniques. In 1987, 27 percent of the labor force was employed in the manufacturing sector; 23 percent in commerce; 21 percent in community, social, and personal services; and 11 percent in transport, storage, and communications.

The professional and technical work force is being enlarged by government through increased enrollment in local universities, colleges, and technical and vocational schools; through comprehensive apprenticeship and other labor-training programs; and by selective immigration. The Vocational and Industrial Training Board coordinates a number of industrial training programs.

To meet demand in a tight labor market, the Singapore Government has permitted many foreign workers to enter the market. Most of the foreign workers fill low-skill jobs, but skilled workers and managers are also recruited. The government plans a complete phase-out of the foreign work force by 1992, a deadline which has been extended several times. Employers hiring foreign workers must pay a monthly foreign worker levy currently rated at S$170 for a factory worker; S$200 for construction; S$120 for a maid.

Wages, Related Benefits

Singapore's Employment Act and the Industrial Relations Act provide legislative basis for the regulation of the principal terms and conditions of employment such as hours of work, paid holidays, sick leave, and other fringe benefits.

In general, employees work a 44-hour week with a weekly rest day and have 11 paid holidays a year and 7-14 days of annual leave depending on length of service.

The Central Provident Fund (CPF), established in 1955, makes provision for retired workers. It is essentially a compulsory savings fund to which both employers and employees contribute. As of July 1988, the employer's rate of contribution is 12 percent of the employee's basic wage, while the employee's contribution rate is 24 percent. There is a ceiling of S$6,000 for both employers and employees on ordinary wages. There is also a skilled development

levy payable each month by the employer for each of the employees whose renumeration for that month does not exceed S$750. The levy is 2 percent of the employee's renumeration for that month.

In 1979 the government began taking steps to reduce labor intensive production by driving up wages through the National Wages Council (NWC) and offering tax incentives for capital intensive investments. By 1985, Singapore's hourly wages were the highest among the Newly Industrialized Economies and all its ASEAN neighbors. Concerned that high wages were making Singapore less competitive, in 1986 the Singapore Government adopted a new wage policy that encourages wage increases to be commensurate with productivity increases. The government recommended no overall wage increase in 1986 and 1987. Workers in profitable companies can negotiate a wage increase but are cautioned to exercise restraint. Workers in companies suffering losses are urged to consider pay cuts.

Income Distribution

The following data on income distribution in 1987 were provided by the Ministry of Labor:

Gross Monthly Income

Income (US$)	Persons	Percent of Labor Force
Under 100	47,100	4.1
100 - 199	153,900	13.2
200 - 299	291,600	25.0
300 - 399	208,000	17.8
400 - 499	122,400	10.5
500 - 749	161,200	13.8
750 & Over	182,300	15.6
Total	1,166,500	100.0

Unions

Most workers in big industrial plants and offices are unionized. In 1987, the National Trade Union Congress (NTUC) had 83 affiliates, organized mostly on an industry basis and represented about 17 percent of the work force.

Employment and labor relations are regulated by the Employment Act, the Industrial Relations Act, the Central Provident Fund Act, the Factories Act, the National Servicemen (Employment) Act, the Trade Disputes Act, the Workmen's Compensation Act, and other laws.

The Industrial Relations Act of 1960 as amended in 1968 provides for prevention and settlement of trade disputes by collective bargaining, conciliation, and arbitration. The Ministry of Labor has an Industrial Relations Section whose officers assist employers and trade unions to settle their disputes through conciliation.

The Industrial Arbitration Court, established in 1960, has the status of a "High Court." A trade dispute may be referred to the court either at the joint request of the parties to the dispute or by the Minister of Labor or, in special circumstances, by the President of the country.

Employers and trade unions may also enter into collective agreements on industrial matters that must be forwarded to the court for registration and certification. On certification, a collective agreement is deemed to be an award of the court and becomes binding upon the parties.

INTELLECTUAL PROPERTY PROTECTION

Patents

Singapore uses the United Kingdom Patents Act for the registration of patents. It only registers and protects patents that have been registered in the United Kingdom. Application for a Singapore patent should be made to the Singapore Registry of Trade Marks and Patents within 3 years from the date of sealing in the United Kingdom. The Singapore patent is valid for the life of the U.K. patent.

The Government of Singapore is considering revising the current patent law. Singapore is not a member of the Paris Convention. Adherence to the Paris Convention would obligate Singapore to provide national treatment to U.S. nationals.

Trademarks

The trademark law in Singapore is very similar to the U.K. trademark law. The first user or intended user of a mark is entitled to its registration. Any person claiming to be the proprietor of a mark may apply for its registration. Anyone who has applied for registration in the United Kingdom or other country which Singapore has reciprocal trademark relations may apply for the mark in Singapore within 6 months of the foreign registration and receive thereon the same filing date as the earlier foreign registration. Singapore is not a member of an international convention on trademarks.

The Registrar of Trademarks is divided into Part A (distinctive marks) and Part B (marks used in Singapore for at least 2 years to indicate ownership of the proprietor's goods, even though not qualifying as distinctive under Part A). Trademarks are initially registered for 7 years from application filing date and can be renewed for a further period of 14 years. A mark must be used on a continuous basis for 5 years; otherwise, it may be canceled.

In case of infringement, the trademark owner can bring civil action. Remedies include injunctions and damages. Only in exceptional cases are courts willing to grant an interim injunction; the principle being that if damages can adequately compensate the plaintiff's loss, then the defendant should not be put out of business. The waiting period for a hearing date can be more than 2 years.

The Consumer Protection (Trade Description and Safety Requirements) Act No. 18 of 1975, an amendment to the Trade Marks Act, provides criminal sanctions for counterfeiting and imitations. Remedy under this act is confined to registered trademarks, not common law trademarks.

Copyright

Singapore's revised Copyright Act took effect on April 10, 1987. On May 19, 1987, Singapore established full copyright relations with the United States. Under the new act, copyright protection is extended to works by U.S. nationals or works first published in the United States. Protected works include music, video, books and other publications and computer software.

GUIDANCE FOR BUSINESS TRAVELERS

Entrance Requirements

Passports are required for all visitors. Visas are not required for visitors holding a valid U.S. passport. Passports are stamped upon entry of the country with passes that can be renewed at the Department of Immigration. Employment passes are needed by all foreign nationals wishing to work in Singapore. Professional business passes are issued to foreigners permitted to work in the country on short-term assignments (consultants, installation personnel, and entertainers). Both of these passes should be applied for through the Department of Immigration before arrival in the country. A National Registration Card must be obtained within 30 days of arrival if a stay of over 1 year is anticipated. Vaccinations or inoculations against cholera and yellow fever are required for persons over the age of 1 year who have come from, or passed through, an infected area within the preceding 6 days.

In general, household and personal items may be brought into Singapore duty free. The country provides a duty-free shopping area in Changi Airport allowing for duty-free purchases before clearing customs. When leaving, anything bought in Singapore within the last 1-year period will be dutiable. Visitors are allowed to depart with all currency brought with them, provided this amount was declared and noted on their passport by the customs authorities at the time of arrival.

Samples of no commercial value are admitted duty free. Other samples are subject to prevailing duties. Dutiable samples may be brought in by commercial travelers under bond or under deposit of duty. The bond is canceled or the deposit refunded if the samples are exported within 6 months, or within such further time as the authorities may grant, except in the case of liquor and tobacco, on which no refund is granted. Most commercial samples, excluding such things as liquor and tobacco, may be brought into Singapore duty free by person or by parcel post. No restrictions are imposed on the reexportation of duty-free goods. Advertising material is not subject to import duties unless it is related to liquor and a few other items.

Foreign Exchange

The local currency is the Singapore dollar. Its value has remained relatively constant against the U.S. dollar, appreciating 8.8 percent against the U.S. dollar in 1987. In February 1989, the exchange rate was US$1.00 = S$1.928. The Singapore dollar is fully backed by gold and foreign assets.

Languages

Malay, Chinese (Mandarin), Tamil, and English are the official languages in Singapore. Malay is the national language, and English is the language of the administration. The main Chinese dialects are Hokkien, Teochew, Cantonese, Hainanese, Hakka and Foochow. Mandarin is increasingly used among the Chinese in place of dialects. Telegu, Malayam, Punjabi, and Bengali are spoken by ethnic Indians.

Workweek

Businesses operate on a 5 1/2-day week, Monday through Saturday. Office hours are generally from 8:30 or 9:00 a.m. to 1:00 p.m., and from 2:00 to 5:00 or 5:30 p.m. Most offices are open for a half day on Saturday closing at 1:00 p.m. However, several foreign firms work 44 hours during a 5-day week. The hours observed by the government offices are 9:00 a.m. to 4:30 p.m. during the week and 9:00 a.m. to 1:00 p.m. on Saturday.

Holidays

Offices are closed on holidays. The following are the public holidays observed in Singapore: New Year's Day, Chinese New Year, Good Friday, Singapore Labor Day (May 1), National Day (August 9), Vesak Day, Hari Raya Puasa, Deepavali, Hari Raya Haji and Christmas. The Chinese, Hindu and Muslim holidays are based on the lunar calendar.

Power

Electrical current is 230 V, single phase 50 cycle, a.c. and is reliable. Any 110 V electrical equipment shipped to Singapore will need transformers or must be converted to the local power requirements.

Living Conditions

The main features of the climate of Singapore are relatively uniform temperature, high humidity, and abundant rainfall due to the country's close proximity to the Equator. The mean high is 87 degrees Fahrenheit and the mean low is 75 degrees Fahrenheit. Relative humidity often exceeds 90 percent at night and in the early morning. The average daily relative humidity is 84.6 percent. The average annual rainfall is 100 in., with the most rain falling from November to January.

Hotels and restaurants in Singapore range from inexpensive to first-class. Most of the more expensive hotels offer various personal services such as conference rooms and secretarial services.

The Singapore International Chamber of Commerce provides various services and publishes many pamphlets concerning the promotion and protection of business within the country. Information can be obtained from the Chamber's Secretariat at 5th Floor, Denmark House, Raffles Quay, Singapore 0104.

Dental and medical facilities are excellent and continue to be upgraded.

SOURCES OF ECONOMIC AND COMMERCIAL INFORMATION

Singapore Government Representation

Investment information services of the Singapore Government are available from the Economic Development Board (EDB) in Singapore. In the United States, the EDB has regional offices at 55 East 59 Street, New York, NY 10022; 233 North Michigan Avenue, Chicago, IL 60601; 12750 Merit Drive, Dallas, TX 74251; and 911 Wilshire Blvd., Los Angeles, CA 90017. The Singapore Embassy is at 1824 R Street, N.W., Washington, DC 20009.

MINISTRY OF FINANCE
8 Shenton Way
Treasury Building
Singapore 0106
Tel: 225-9911

ECONOMIC DEVELOPMENT BOARD
250 North Bridge Road #24-00
Raffles City Tower
Singapore 0617
Tel: 336-2288

MINISTRY OF TRADE AND INDUSTRY
Trade Development Board
1 Maritime Square
World Trade Centre #10-40
Singapore 0409
Tel: 271-9388

NATIONAL PRODUCTIVITY BOARD
2 Bukit Merah Central
NPB Building
Singapore 0315
Tel: 278-6666

VOCATIONAL & INDUSTRIAL TRAINING BOARD
PSA Building
460 Alexandra Road #28-00
Singapore 0511
Tel: 775-7800

MINISTRY OF LAW
250 North Bridge Road #21-00
Raffles City Tower
Singapore 0617
Tel: 337-8191

MINISTRY OF NATIONAL DEVELOPMENT
Telok Ayer Street, 5th Floor
National Development Building
Singapore 0106
Tel: 222-1211

REGISTRY OF COMPANIES AND BUSINESSES
1 Colombo Court #06-06
Singapore 0617
Tel: 336-1203

THE MONETARY AUTHORITY OF SINGAPORE
10 Shenton Way
MAS Building
Singapore 0107
Tel: 225-5577

DEPARTMENT OF STATISTICS
8 Shenton Way #10-01
Treasury Building
Singapore 0106
Tel: 225-9911

SINGAPORE INSTITUTE OF STANDARDS AND INDUSTRIAL RESEARCH (SISIR)
1 Science Park Drive
Singapore 0511
Tel: 778-777

JURONG TOWN CORPORATION
301 Jurong Town Hall Road
Jurong Town Hall
Singapore 2260
Tel: 560-0056

MINISTRY OF COMMUNITY DEVELOPMENT
512 Thomson Road
MCD Building
Singapore 1129
Tel: 258-9595

PRIME MINISTER"S OFFICE
Istana Annex
Singapore 0922
Tel: 737-5133

MINISTRY OF THE ENVIRONMENT
40 Scotts Road
Environment Building
Singapore 0922
Tel: 732-773

SINGAPORE TOURIST PROMOTION BOARD
250 North Bridge Road #36-04
Raffles City Tower
Singapore 0617
Tel: 339-6622

MINISTRY OF LABOUR
Havelock Road
Singapore 0105
Tel: 533-6141

SINGAPORE NATIONAL PRINTERS LTD
303 Upper Serangoon Road
Singapore 1334
Tel: 282-0611

MARINE DEPARTMENT
1 Maritime Square
World Trade Centre #09-66
Singapore 0409
Tel: 278-5611

CUSTOMS AND EXCISE DEPARTMENT
Customs House
Maxwell Road
Singapore 0106
Tel: 222-3511

PORT OF SINGAPORE AUTHORITY
460 Alexandra Road
PSA Building
Singapore 0511
Tel: 274-7111

INLAND REVENUE DEPARTMENT
Income Tax Division
Fullerton Building
Singapore 0104
Tel: 535-4244

Chambers and Associations

SINGAPORE MANUFACTURERS' ASSOCIATION
20 Orchard Road
SMA House
Singapore 0923
Tel: 338-8787

SINGAPORE MALAY CHAMBER OF COMMERCE
10 Anson Road #20-01
International Plaza
Singapore 0207
Tel: 221-1066

SINGAPORE INTERNATIONAL CHAMBER OF COMMERCE
6 Raffles Quay #05-00
Denmark House
Singapore 0104
Tel: 224-1255

SINGAPORE INDIAN CHAMBER OF COMMERCE
101 Cecil Street #23-01
Tong Eng Building
Singapore 0106
Tel: 222-2855

SINGAPORE CHINESE CHAMBER OF COMMERCE AND INDUSTRY
47 Hill Street
Singapore 0617
Tel: 337-8381

SINGAPORE ASSOCIATION OF SHIPBUILDERS AND REPAIRERS
1 Maritime Square #09-50
World Trade Centre
Singapore 0409
Tel: 270-7883

U.S. Government Representation in Singapore

The U.S. Embassy is located at 30 Hill Street, Singapore 0617, tel: 338-0251. The Foreign Commercial Service is located at 111 North Bridge Road #15-05, Peninsula Plaza, Singapore 0617, tel: 3389722. U.S. Foreign Service officers in the Commercial and Economic sections are available to assist American business representatives visiting Singapore.

Under the American Embassy, the U.S. Agricultural Trade Office carries out market development and trade servicing activities to promote markets for U.S. food products in Singapore and Southeast Asia. Its address is U.S. Agricultural Trade Office, 1500 Liat Towers, 541 Orchard Road, Singapore 0923; tel: 737-1233.

All U.S. Government offices may receive mail through American Embassy, Singapore, FPO San Francisco 96699.

U.S. Government Publications

Foreign Economic Trends. Prepared on an annual basis by the U.S. Embassy, Singapore, and distributed by the U.S. Department of Commerce.

Commercial News USA. Published by the U.S. Department of Commerce.

Other Publications

Singapore International Chamber of Commerce Economic Bulletin. Published monthly by the Singapore International Chamber of Commerce.

Singapore International Chamber of Commerce Report. Annual

Singapore International Chamber of Commerce Investor's Guide. Annual

The Straits Times Directory of Singapore. Published yearly by Times Periodicals Pte Ltd., Singapore.

Far East Economic Review. Weekly magazine published in Hong Kong.

Asian Research Bulletin. A monthly economic report with political supplement, published by Asia Research Pte Ltd., Singapore.

Singapore Business. Monthly magazine published by Times Periodicals Pte Ltd., Singapore.

Asia Yearbook. Published annually by the Far Eastern Economic Review Ltd., Hong Kong.

Singapore Manufacturers' Association Directory. Published by the Singapore Manufacturers' Association.

Shipbuilding & Repairing in Singapore Directory. Published by the Singapore Association of Shipbuilders and Repairers.

Insight. Asia's monthly business magazine published by Pacific Magazines Ltd., Hong Kong.

Petroleum News. A monthly journal published by Petroleum News Southeast Asia Ltd., Hong Kong.

Companies Handbook of the Stock Exchange of Singapore Ltd. Annual.

Singapore Banking and Finance. Published by the Institute of Banking and Finance.

The Singapore Manufacturer. A bimonthly newsletter published by the Singapore Manufacturers' Association.

Asia Business & Industry. A monthly magazine published by Far East Trade Press Ltd., Hong Kong.

The Singapore Stock Exchange Journal. Monthly magazine published by the Stock Exchange of Singapore Ltd., Singapore.

Modern Asia. Monthly magazine published by Business Publication Audit of Circulation Inc., Hong Kong.

Singapore Government Publications

Singapore Yearbook. Government Printing Office, Singapore.

Singapore Facts and Pictures. Published by the Ministry of Culture.

Monthly Digest of Statistics. Department of Statistics, Singapore.

Singapore Trade Statistics - Imports and Exports. A monthly publication published by the Department of Statistics.

Singapore Investment News. Published monthly by the Singapore Economic Development Board.

MARKET PROFILE - SINGAPORE

Foreign Trade

Imports - In Singapore dollars: $68.4 billion (1987), $55.5 billion (1986), $ 57.8 billion (1985). Major suppliers: Japan, Malaysia, United States, China. U.S. share was 14.7 percent in 1987.

Major imports - Machinery and transport equipment, crude petroleum, petroleum products, crude rubber, office equipment, and telecommunications equipment. Major imports from the U.S.: Aircraft and avionics equipment, computers and computer peripherals, chemicals and chemical products, power generating equipment and switchgear, microcircuits.

Exports - In Singapore dollars: $60.3 billion (1987), $48.9 billion (1986), $50.2 billion (1985). Major markets: United States, E.E.C., Japan, Malaysia. U.S. took 23 percent of Singapore's exports in 1987.

Major Exports - Crude rubber, computers and computer parts, consumer electronic products, telecommunications apparatus, electrical machinery, clothing.

Trade Policy - Traditionally a free port, with assessment of duties and restrictive trade measures held to a minimum in support of entrepot-based economy.

Trade Prospects - Singapore's rising standard of living should continue to expand the local market for U.S. consumer and capital goods. Pricing, credit terms, after-sales service are important.

Foreign Investment

Foreign investment is welcome and actively sought. Government gives incentives to industries, particularly those dealing with high technology and producing for export. Foreign capital is mainly in oil refining, manufacturing/assembly of electronic products, sales, and distribution. U.S. investment exceeded $7.5 billion in 1986. U.S. investment guarantee program is applicable.

Finance

Currency - Singapore dollar in February 1989 was $1.928 (Singapore) = $1.00 (U.S.).

Domestic Credit - Banking system is well established, with 136 banks comprised of 37 banks with full licenses (of which 13 were local), 14 with restricted licenses and 85 with offshore licenses. Bank

credits are traditionally short term to finance trade and commercial ventures, but increasingly available on medium and long term basis to finance new industries. Development Bank of Singapore offers attractive export financing to manufacturers. Singapore is a center for Asian dollar transactions. Stock exchange is moderately active.

National Budget - In Singapore dollars: FY 1987/88 budget is $24.1 billion, up 9 percent from the prior fiscal year. Total revenues are expected to be $11.6 billion, leaving a budget deficit of $900 million.

Balance of Payments - Singapore's 1987 balance of payments showed a $2.3 billion surplus. This was the result of a pickup in direct foreign investment and continued large capital inflows. Foreign exchange reserves at the end of 1987 were $30.4 billion.

Economy

GNP - $20,547.1 million in 1987. Per capita GNP in 1987 increased to $7,873. Real growth rate in GDP in 1987 was 8.8 percent. The leading growth sector in 1987 was manufacturing, contributing 27 percent to overall economic expansion.

Industry - Local production/processing includes oil refining, garments, shipbuilding and repair, computer products, industrial and consumer electronic products and wood products. Emphasis on new industries has changed from import substitution to export oriented, high technology enterprises. Service industries are growing in importance.

Commerce - Growth continues in entrepot and internal commercial activities. Singapore's role as regional financial, communication, and distribution center continues to increase.

Development Plan - Sophisticated government policies aim at sustaining economic growth through infrastructure development projects and creating a conducive atmosphere for international finance and high-technology industries.

Basic Economic Facilities

Transportation - Extensive, modern port facilities are being continuously expanded. Singapore has the world's second busiest port. Changi airport now serves more than 30 airlines and is being improved. The country has a well-developed road and expressway system.

Power - Electricity consumption was 10,617 million kilowatt hours in 1987. Installed capacity was 3,371MW.

Communication - Worldwide telephone links. International cable service. Local telephone systems fully automatic, including international direct dialing. Full postal service provided.

Natural Resources

Land - A large island together with 54 small islets, totaling 622.6 square kilometers.

Climate - Essentially equatorial with uniformly high average daily temperature and relatively high humidity. Daily temperatures range from 23C to 34C. Rainfall tends to be heaviest from November to January.

Population

Size - 2.6 million. Mainly Chinese descent (76 percent); others include Malay (15 percent), Indian and Pakistani (7 percent). Annual increase about 1.1 percent.

Language - Four official languages: English, Malay, Chinese, Tamil. English most widely used and common in government and business.

Labor - Labor force: 1,251,700 (1987). Unemployment 2.8 percent (1987).